

NATIONAL RECOVERY ADMINISTRATION

CODE OF FAIR COMPETITION

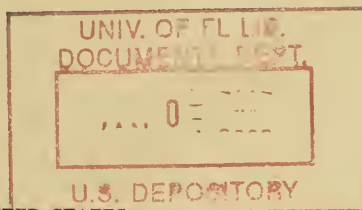
FOR THE

GREETING CARD INDUSTRY

AS SUBMITTED ON AUGUST 22, 1933

REGISTRY No. 505—02

The Code for the Greeting Card Industry in its present form merely reflects the proposal of the above-mentioned industry, and none of the provisions contained therein are to be regarded as having received the approval of the National Recovery Administration as applying to this industry



UNITED STATES

GOVERNMENT PRINTING OFFICE

WASHINGTON : 1933

CODE OF FAIR COMPETITION FOR THE GREETING CARD INDUSTRY

ARTICLE I—PURPOSE OF THE CODE

To effectuate the policy of Title I of the National Industrial Recovery Act, during the period of the emergency, by reducing and relieving unemployment, improving the standards of labor, eliminating competitive practices destructive of the interests of the public, employees and employers, relieving the disastrous effects of overproduction and in other respects, the following provisions are established as a code of fair competition, for the greeting card industry.

ARTICLE II—PREAMBLE

It is the consensus of opinion of this industry that certain very definite action, as herein outlined, must be taken to preserve the very existence of the greeting card industry and thus continue the opportunity for employment to the many thousands of workers engaged in both production and distribution and also to continue the postal revenue to the United States now estimated at twenty million dollars annually.

The very life of this industry is seriously threatened if the prevailing tendency to cheapen the product continues. Greeting cards were conceived and developed to fill a definite and useful place in our social order. They are used by folks everywhere to convey personal messages of good will and good wishes and will survive only as long as they retain the dignity and sincerity which must surround all social customs. The American public will not continue a practice so cheapened that it has lost its social significance and qualifications. Greeting cards belong to that branch of creative art through which the individual seeks to express personality in the social graces, and competition in such a field should be wholly within the realm of charm, adaptability, cleverness of design, appropriateness of caption and verse, and expert craftsmanship, rather than mere physical size and price. The public interest is benefited by maintaining a quality rather than a quantity product. Highly intelligent creation, expert execution, and skilled craftsmanship, will reestablish greeting cards in the public consciousness and preserve this industry with increasing opportunity for employment at better wages; whereas the present tendency toward cheaply made machine products unwisely distributed, will seriously curtail employment, oppress small enterprises, and actually destroy the industry.

ARTICLE III—DEFINITION OF INDUSTRY

The greeting card industry within the meaning of this code includes all manufacturers, jobbers, wholesalers, direct sellers, and

distributors of greeting cards, whether firms, corporations, or individuals, and includes all methods and phases of production and distribution and each and every operation necessary to the delivery of the finished product to those who sell the ultimate consumer, whether by persons or corporations engaged regularly in the industry, or by others not in such manner regularly engaged, but who, in whole or in part, at irregular intervals participate in any of its functions. This code recognizes the legitimate functions of the manufacturer, the jobber, the retailer, and the distributor by mail and/or through agents, and seeks to stabilize both production and distribution in full accord with the National Industrial Recovery Act.

ARTICLE IV—HOURS OF LABOR, RATES OF PAY, AND OTHER CONDITIONS OF EMPLOYMENT

As required by Section 7 (a) of Title 1 of the National Industrial Recovery Act, the following provisions are conditions of this Code:

SECTION 1. Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

SEC. 2. No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing. Nothing in this code is to prevent the selection, retention, and/or advancement of employees on the basis of their individual merit, without regard to their affiliations, or nonaffiliations with any labor organization.

SEC. 3. Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

(a) No employer shall cause or permit any employee to work at an average of more than forty (40) hours per week in any six (6) months period, excepting executives, outside salesmen, those employed in supervisory capacities, and those employed in emergency maintenance and repair work. This is not intended to limit the number of days or shifts. Owing to the seasonal nature of the business, which forces manufacturing plants to meet excessive demands for production which must be shipped in time for seasonal use or canceled, such manufacturers, or distributors, may be permitted to operate during such rush periods on a schedule not exceeding forty-eight (48) hours per week, provided that no employee shall be permitted to work more than one thousand and forty (1,040) hours during any six (6) months' period.

(b) The minimum wage that shall be paid by employers to any of their employees shall be at the rate of thirty (30¢) cents per hour, except learners and apprentices, for an initial six (6) weeks' period, provided this class of employees shall not at any time exceed five percent (5%) of the total number of employees.

(c) No employer shall employ any person under sixteen (16) years of age.

ARTICLE V—STANDARDIZATION OF PRODUCTION AND DISTRIBUTION

SECTION 1. Since its inception the products of this industry have been sold at established prices to the ultimate consumer such as 2 for 5¢, 5¢, 10¢, 15¢, 25¢, 35¢, 50¢, and \$1.00 each. Because of these inflexible price limits a uniform trade discount or mark-up is necessary to prevent unfair competition.

SEC. 2. In order to standardize and stabilize distribution in accordance with Section 1 of this Article, trade discounts from the retail list price shall not be greater than fifty percent (50%) to the retailer nor greater than fifty percent (50%) and forty-five percent (45%) to the wholesaler. Any retailer who owns and operates a sufficient number of stores to justify buying *specially* made items in sufficiently large quantities to enable substantial reductions in production costs to be effected, may be entitled to quantity discounts based upon such actual savings but in no case shall the total discount to such customers exceed the wholesale discount or be in violation of Section 8 of Article V; and further providing no such quantity discount shall apply to cards listed at retail for less than five (5¢) each. Schedule A attached to and considered part of this code sets forth standardization details with respect to the various products of the industry.

SEC. 3. Where it is necessary to furnish sample books of Christmas Personal Greeting Cards that include service for imprinting consumers' personal names no greater than forty percent (40%) discount shall be allowed on orders resulting from such samples.

SEC. 4. In order to preserve this industry no manufacturer or wholesale distributor shall sell or offer for sale any greeting card to anyone for resale at retail for less than two for five (5¢) cents. This is not intended to prevent the sale of the established penny Valentines.

SEC. 5. All greeting cards shall be sold F.O.B. Factory.

SEC. 6. (a) For manufacturers selling retailers, jobbers, and/or wholesalers the maximum billing dating shall be

Everyday cards, end of month.

Christmas and New Year Cards, December 1st.

Valentine, Washington's, and Lincoln's Birthday Cards, February 1st.

Easter and St. Patrick's Cards, April 1st.

Mother's Day and Father's Day Cards, May 1st.

Hallowe'en and Thanksgiving Cards, November 1st.

Greeting cards produced for special lines as defined in Article V, Section 2, where immediate payment is a consideration, shall be sold and billed on terms no better than two percent (2%) ten (10) days.

(b) Maximum cash discounts shall be two percent (2%) ten (10) days, net thirty (30) days.

(c) Terms of sale shall be shown on all order blanks and/or invoices.

(d) No price quotations shall be guaranteed for a period longer than ninety (90) days either to prospective purchaser who is considering samples or on unconfirmed memorandum orders. The date of quotation is to be established in writing.

(e) The acceptance of payments with unearned discounts; of notes without interest for past-due accounts, or of trade acceptances either

in settlement of past-due accounts, or for the purpose of extending net terms on all or any part of new shipments, or of giving extra dating in any manner whatsoever is a violation of this Code.

SEC. 7. Lack of uniformity in credit practices prevents stabilization and encourages unfair competition. This code contemplates the formation of a central credit interchange and collection bureau, membership in which will be open to all members of this industry.

SEC. 8. It is the consensus of opinion of this industry that overproduction is a serious menace to the stabilization of distribution and continuity of employment; therefore all manufacturers should control production to prevent carry-overs. Only seasonal greeting cards carried in stock after the season for which they were made and any everyday greeting cards carried one year after first offered for sale shall be considered as close-outs within the meaning of this code and shall be sold at no greater discount than forty percent (40%) from the price to which the purchaser would have been entitled if buying same items as new merchandise in accordance with his status as retailer or wholesaler, as determined by Article V, Section 2. Providing further that no close-out greeting cards shall be sold in violation of Article V, Section 4.

SEC. 9. Selling below cost is a violation of the code. Close-outs as defined in Section 8 of Article V excepted. The term *cost* is understood to include all expenses of whatsoever nature necessary and incidental to the shipping of the finished product and must include among other items labor, material, original drawings, plates, creative and plant burden, administration, selling expense, interest, taxes, depreciation, bad debts, and all other factors as determined by standard accounting practices.

SEC. 10. The variable practice of supplying samples encourages unfair competition. The practice which shall govern the supplying of samples is as follows:

(a) In cases where sample are required by retail stores for merchandising their own stocks of Everyday and/or seasonal counter cards, loose samples shall be charged for at one half and mounted samples shall be charged for at the full established net price to the retailer. All loose samples shall be indelibly marked "sample."

(b) Where it is necessary for a manufacturer to submit samples to a prospective customer for the purpose of obtaining stock orders for special lines as defined in Article V, Section 2, such samples may be supplied without charge providing such samples are unmounted and each card indelibly marked "sample."

(c) Where ten or more sets of samples are required by distributors selling by means of sample books such samples shall be billed at full price when shipped and a sample allowance made at the end of the season which allowance shall in no case exceed the amount of the sample bill, or five percent (5%) of the amount purchased from items thus sampled.

(d) No free samples of boxed assortments shall be supplied by any manufacturer or distributor to sales agents or customers unless each card in such box is indelibly marked "sample." If unmarked salable samples are supplied a charge or deposit equal to the net wholesale price of the box shall be required.

(e) When sets of samples are required by jobbers or wholesalers such samples shall be sold and billed as follows:

Where twenty-five (25) sets or less are required, a discount not to exceed twenty-five (25%) percent from regular net wholesale price of cards may be allowed, but the cost of mounts and mounting shall be added thereto.

Where more than twenty-five (25) sets are required, the first twenty-five (25) sets may be supplied as provided above and all sets in excess of twenty-five (25) shall be charged for at full net wholesale price of cards plus the cost of mounts and mounting.

(f) No dating of any kind shall be given on samples sold at a discount.

SEC. 11. (a) Where a manufacturer or distributor desires to supply retail display fixtures they shall be sold at no less than the purchase price paid by said manufacturer or distributor plus ten (10%) percent. This provision is not intended to prevent manufacturer or distributor from supplying without extra charge cardboard cartons for counter display which are in themselves shipping cartons.

(b) In cases where any metal or cardboard display distributed through wholesalers is not in itself a shipping carton, but is an integral part of an assortment of merchandise, a charge shall be made for such displays, which shall not be less than ten (10%) percent of the net wholesale value of the merchandise in the assortment.

SEC. 12. In order to stabilize distribution no samples shall be shown, displays made, or orders taken prior to the following dates:

(a) For those selling retailers:

Christmas and New Year Cards, February 15th.

Valentine and Easter Cards, June 1st.

Mother's Day and Father's Day, September 1st.

(b) For those selling jobbers and/or wholesalers:

Christmas and New Year items, February 1st.

Valentine items, February 1st.

Easter, Mother's Day, and Father's Day items, July 1st.

(c) For those selling special lines as defined in Article V, Section 2:

Christmas and New Year items, January 1st.

Valentine items, January 1st.

Easter, Mother's Day, and Father's Day items, June 1st.

(d) For those selling special items and/or lines to direct sellers:
No restrictions on showing dates.

(e) It is the intent of paragraphs (a), (b), (c), and (d) immediately preceding that in all cases of mixed distribution where any manufacturer or distributor sells to more than one of these classifications he shall conform to the showing dates for such items and lines only as prescribed for each classification. For example, any manufacturer selling Christmas items to both jobbers and retailers shall not show to retailers prior to February 15th.

ARTICLE VI—UNFAIR TRADE PRACTICES

For all purposes of this code the following-described acts shall constitute unfair practices:

SECTION 1. (a) Piracy of designs originated and used by member of the industry is seriously contributing to its present state of disorganization and to the gradual elimination of producing units, with consequent reduction in number of employees; further, the continua-

tion of this practice, by destroying the element of quality of product upon which the future of the industry necessarily depends, seriously threatens the very existence of the industry, and reflects a dishonest cost of production.

(b) Within the meaning of this code, any attempt to copy, imitate, or simulate any design, or verse, originated and used by any manufacturer is an unfair method of competition and a violation of this code.

SEC. 2. Greeting cards shall be sold outright; any delivery on consignment or with return privilege is a violation of this code, subject to Article VII, Section 5.

SEC. 3. The production and/or sale of vulgar, indecent, or sacrilegious greeting cards is a violation of this code.

SEC. 4. Any mismarking, misbranding, or misrepresentation of merchandise is a violation of this code.

SEC. 5. Any campaign, concerted action or specifically directed effort, act, or conduct, the purpose or intent of which is to cause breaches of a competitor's contracts; or inducing or attempting to induce a breach of contract between a seller and his customers is a violation of this code.

SEC. 6. To promote, encourage, or carry on, directly or indirectly, for or in behalf of any member or members of this industry, any campaign or propaganda, designed or intended to create or develop ill will or sales resistance against any of the channels of production and/or distribution herein recognized, is a violation of this code.

SEC. 7. The act of enticing or hiring or attempting to entice or hire away the employees of a competitor for the purpose of obtaining secret or confidential trade information or otherwise injuring his business, is a violation of this code.

SEC. 8. Making or promising to any purchaser or prospective purchaser of any product or to any officer, employee, agent, or representative of any such purchaser or prospective purchaser, any bribe, gratuity, gift, or other payment or remuneration, directly or indirectly is a violation of this code.

SEC. 9. The payment or allowance of secret rebates, refunds, or credits, whether in the form of money or otherwise, or extending to certain purchasers special services or privileges not extended to all purchasers under like terms and conditions is a violation of this code.

SEC. 10. To improve labor conditions and to control hours of work and rates of wages as provided in Article IV, Section 3, of this code, the employment of workers at home, whether directly, through contractors, or in any other way that would place them beyond the control of the provision of subsection 3, paragraph (a) of Section 7 of the National Industrial Recovery Act is a violation of this code.

SEC. 11. Any member of the industry which shall directly or indirectly through any officer, employee, agent, or representative, use or employ any unfair practice as defined in this code or which shall aid or abet any person, firm, association, or corporation, in any unfair practice shall be guilty of a violation of this code.

ARTICLE VII—SPECIAL PROVISIONS FOR DIRECT SELLERS

SECTION 1. The compensation to salespersons for the sale of personal greeting cards direct to the consumer shall not exceed a maxi-

imum of forty (40%) percent of the retail selling price plus transportation and such percentage shall include any and all bonuses and/or premiums to such salespersons.

SEC. 2. The compensation to salespersons on boxed assortments of greeting cards sold direct to the consumer shall not exceed a maximum of forty (40%) percent of the retail selling price plus transportation and said percentage shall include any and all bonuses and/or premiums allowed to such persons.

SEC. 3. The maximum compensation set forth in Sections 1 and 2 of Article VII does not include a bona fide additional commission to subdistributors, but where distribution is effected through such subdistributors the maximum of such additional commission shall not exceed ten (10%) percent of the retail selling price.

NOTE.—A subdistributor is an agent selling on a commission basis who redistributes through ten or more subagents and who pays said subagents a portion of his commission.

SEC. 4.—Publishing rates of commission or profit on greeting card sales in advertisements in newspapers or general magazines is a violation of this code. This, however, does not apply to the publication of such data in trade magazines.

SEC. 5. Nothing in this code is intended to prevent direct sellers from retaining title to merchandise placed in the hands of agents for delivery and collection; nor to prevent the return for credit or refund of Christmas merchandise sold to agents; nor is it intended to prohibit direct by mail sellers from granting a return privilege.

ARTICLE VIII—GENERAL PROVISIONS

SECTION 1. Nothing contained in this code shall be interpreted or applied in such a manner as to:

- (a) Promote monopolies.
- (b) Permit or encourage unfair competition.
- (c) Eliminate or oppress small enterprises.
- (d) Discriminate against small enterprises.

SEC. 2. To the extent required or permitted under the provisions of Title I of the National Industrial Recovery Act, the provisions of this code shall be binding upon every member of the Industry.

SEC. 3. Participation in this code and any subsequent revision of or addition to the code shall be extended to any person, partnership, or corporation manufacturing or distributing greeting cards who accepts his share of the cost and responsibility, as well as the benefit of such participation.

SEC. 4. Pursuant to subsection (c) of Section 10 of the National Industrial Recovery Act, the President may from time to time cancel or modify any order, approval, license, rule, or regulation issued under Title I of said Act.

ARTICLE IX—ADMINISTRATION OF THE CODE

SECTION 1. The administration of the code shall be under the direct supervision of the Board of Directors of the National Greeting Card Association.

SEC. 2. All complaints regarding violations of any provisions of this code shall be reported in writing to the aforesaid Board of

Directors which shall review such complaints, and if necessary arrange for an investigating committee of three. One member of this committee shall be nominated by the complainant, one by the alleged violator, and the third by the Board of Directors. If either the complainant and/or the alleged violator fails to nominate a representative for this committee within ten (10) days after written notification from the Board, then in such event the Board shall fill the vacancy, or vacancies, thus created and the committee thus formed shall have full power and authority to act. It shall be the duty of this committee to investigate the complaints brought to its attention. For the purpose of obtaining necessary information, or evidence, this committee may employ auditors, or other agencies, and all members of the industry shall be bound by this section of the code to cooperate fully, afford access to their records, and otherwise carry out the spirit and intent of this provision. If, in the opinion of the committee, the complaint is well founded and cannot be otherwise adjusted to the entire satisfaction of the Board of Directors, then all evidence shall be turned over to the United States District Attorney in accordance with paragraph (c) of Section 3 of the National Industrial Recovery Act.

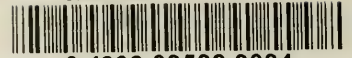
ARTICLE X—DATE EFFECTIVE

This code shall be in effect immediately upon its approval by the President so far as all mandatory provisions of the National Industrial Recovery Act are concerned but its other provisions shall not necessarily apply to lines or items already made and/or sampled such as Christmas 1933 and Valentine, Easter, Mother's Day, and/or Everyday items on which sales will continue into 1934. Nor shall these other provisions apply to any lines or items produced and delivered prior to September 15, 1933, provided, however, that from the date of approval by the President all new work must conform to this code in its entirety.

ARTICLE XI—AMENDMENTS

With the approval of the industry this code may be amended at any time. Such amendments shall become effective when approved by the President.

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